

ENC 2

**COUNTY OF SAN BENITO**

**SINGLE AUDIT REPORT**

**JUNE 30, 2009**

SAR  
7/2/10

# COUNTY OF SAN BENITO

Single Audit Report  
For the Year Ended June 30, 2009

## Table of Contents

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Supplementary Information:	
LIHEAP 08B-5483	10
LIHEAP 09B-5533	11
CSBG 8F-4935	12
CSBG 08F-4935	13

**GRACE & ASSOCIATES**  
Certified Public Accountants and Consultants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Board of Supervisors  
County of San Benito  
Hollister, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of San Benito, as of and for the year ended June 30, 2009, which collectively comprise the County of San Benito's basic financial statements and have issued our report thereon dated April 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of San Benito's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of San Benito's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of San Benito's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of San Benito's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of San Benito's financial statements that is more than inconsequential will not be prevented or detected by the County of San Benito's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of San Benito's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Supervisors  
County of San Benito  
Hollister, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of San Benito's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of County of San Benito, in a separate letter dated April 28, 2010.

This report is intended solely for the information and use of management, the audit committee, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hollister, California  
April 28, 2010

**GRACE & ASSOCIATES**  
Certified Public Accountants and Consultants

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors  
County of San Benito  
Hollister, California

Compliance

We have audited the compliance of the County of San Benito, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of San Benito's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of San Benito's management. Our responsibility is to express an opinion on the County of San Benito's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of San Benito's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of San Benito's compliance with those requirements.

In our opinion, the County of San Benito, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of San Benito is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of San Benito's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of San Benito's internal control over compliance.

Board of Supervisors  
County of San Benito  
Hollister, California

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County of San Benito's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of San Benito's response and, accordingly, we express no opinion on it.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of San Benito, as of and for the year ended June 30, 2009, and have issued our report thereon dated April 28, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of San Benito's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hollister, California  
April 28, 2010

**COUNTY OF SAN BENITO**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Numbers</u>	<u>FY 2008/2009 Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Social Services			
Food Stamp Program	10.551	*	\$ 6,569,943
State Administrative Matching Grants for Food Stamp Program	10.561		348,465
Total U.S. Department of Agriculture			<u>6,918,408</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development			
Community Development Block Grant/State Program	14.228	04-STBG-1978	109,223
Total U.S. Department of Housing and Urban Development			<u>109,223</u>
<u>U.S. Department of Justice -</u>			
Passed through State Office of Emergency Services			
Victim Witness	16.500	VW05220350	42,493
Total U.S. Department of Justice			<u>42,493</u>
<u>U.S. Department of Labor</u>			
WIA - Adult	17.258	R970560/Code201/202	252,714
WIA - Youth	17.259	R970560/Code 301	294,393
WIA - Incentive	17.260	R970560/Codes 540/541	112,435
WIA - Rapid Response	17.260	R865480/Code 113	8,470
WIA - Dislocated Worker	17.260	R970560/Codes 501/502	258,749
Subtotal			<u>379,654</u>
Total U.S. Department of Labor			<u>926,761</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation			
Highway Planning and Construction - FHWA	20.205	* BRLO-5943 (012)	262
Highway Planning and Construction - FHWA	20.205	* STPLX-5943 (015)	308
Highway Planning and Construction - FHWA	20.205	* BRLO-5943 (014)	1,956,416
Highway Planning and Construction - FHWA	20.205	* BRKLS-NBIL (501)	333,661
Highway Planning and Construction - FHWA	20.205	* BRLS-5943(043)	368,080
Highway Planning and Construction - FHWA	20.205	* ESPL-5943(048)	24,779
Total U.S. Department of Transportation			<u>2,683,506</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through the State Department of Social Services			
Preservation of Safe and Stable Families	93.556		43,803
Temporary Assistance for Needy Families	93.558	*	6,620,000
Child Welfare	93.558	*	242,635
Child Support Enforcement	93.563	*	1,186,890
Child Welfare-State Grants	93.645		41,299
Foster Care - Title IV-E	93.658	*	605,196
Probation - Title IV-E	93.658	*	167,063
Child Welfare Service	93.658	*	537,047
Adoption Assistance	93.659		228,930
Independent Living	93.674		25,408
Subtotal			<u>9,698,271</u>
Passed through the State Department of Health			

\*Major Program

**COUNTY OF SAN BENITO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Numbers</u>	<u>FY 2008/2009 Disbursements/ Expenditures</u>
California Children's Services (CCS)	93.767		406,756
Targeted Case Management (TCM)	93.778 *		56,751
Local Health Preparedness	93.778 *		302,490
Medi-Cal – Title XIX	93.778 *		850,177
Maternal Child Health	93.994	200235-2	130,413
Child Health and Disability Prevention	93.994		126,763
Child Health and Disability Prevention - Foster Care	93.994		11,702
Adolescent Family Life Program	93.994	200235.2	89,647
Subtotal			<u>1,974,699</u>
Passed through the State Department of Mental Health Substance Abuse and Mental Health Services Administration (SAMHSA)	93.958		43,772
Substance Abuse Prevention and Treatment	93.959		490,659
IDEA-County Office of Education	84.027		49,869
Medi-Cal Administration Activities	93.778 *		969,750
Subtotal			<u>1,554,050</u>
Passed through State Department of Community Services and Development			
Low Income Home Energy Assistance Program	93.568	08B-5483	17,964
Low Income Home Energy Assistance Program	93.568	09B-5533	48,432
Subtotal			<u>66,396</u>
Community Service Block Grant	93.569	08F-4935-2008	109,168
Community Service Block Grant	93.569	08F-4935-2009	60,469
Subtotal			<u>169,637</u>
Subtotal Passed through State Dept of Community Services and Development			<u>236,033</u>
Total Department of Health and Human Services			<u>13,463,053</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program			
Emergency Food and Shelter Program	97.024	27-0828-001	28,441
Passed through the State Office of Homeland Security			
FED-HSG	97.073	2007-0008	201,227
FED-HSG	97.073	2008-0006	90,421
FED-HSG - Emergency Management Performance Grant	97.042	2008-9	86,845
Subtotal			<u>378,493</u>
Total U.S. Department of Homeland Security			<u>406,934</u>
Total Expenditures of Federal Awards			<u>\$ 24,550,378</u>

\*Major Program

## COUNTY OF SAN BENITO

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of San Benito. The County of San Benito's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements. Sources of information for preparation of the Schedule of Expenditures of Federal Awards varies, depending on the accounting practices and reporting requirements of the department implementing the program.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Food Stamps**

Food stamp expenditures represent the face value of food stamps distributed by the County. They do not represent cash expenditures in the County's basic financial statements for the year ended June 30, 2009.

COUNTY OF SAN BENITO  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009

**Section 1**

Financial Statements-Summary of Auditor's Results

- |                                                                                  |               |
|----------------------------------------------------------------------------------|---------------|
| 1. Type of auditor's report issued:                                              | Unqualified   |
| 2. Internal control over financial reporting:                                    |               |
| a. Material weaknesses identified?                                               | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                         | No            |

Federal Awards

- |                                                                                                                          |               |
|--------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Internal control over major programs:                                                                                 |               |
| a. Material weaknesses identified?                                                                                       | No            |
| b. Significant deficiencies identified not considered to be material weaknesses?                                         | None Reported |
| 2. Type of auditor's report issued on compliance for major programs:                                                     | Unqualified   |
| 3. Any audit findings disclosed that are required to be Reported in accordance with Circular OMB A-133, Section 510 (a)? | No            |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.551	Food Stamp Program
20.205	Highway Planning & Construction
93.558	Temporary Assistance for Needy Families/Child Welfare
93.563	Child Support Enforcement
93.658	Foster Care-Title IV-E/ Probation-Title IV-E/ Child Welfare Service
93.778	TCM/Local Health Preparedness/ Medi-Cal/Medi-Cal Administration

COUNTY OF SAN BENITO  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009

- |                                                                                      |           |
|--------------------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between<br>Type A and Type B programs        | \$736,511 |
| 6. Auditee qualified as a low-risk auditee under<br>OMB Circular A-133, Section 530? | Yes       |

**Section 2**

Financial Statement Findings

None Reported.

**Section 3**

Federal Award Findings and Questioned Costs

None Reported.

**Section 4**

Status of Prior Year Findings and Questioned Costs

None Reported.

County of San Benito  
Supplemental Statement of Revenues & Expenditures  
**LIHEAP**  
**08B-5483**  
For the Period January 1, 2008 - December 31, 2008

**LIHEAP**

	Jan 1 2008 through June 30 2008	July 1 2008 through Dec 31, 2008	Total Audited Costs	Total Reported Expenses Contract 08B-5483	Total Program Budget
Grant Revenue	\$ 29,241	\$ 17,964	\$ 47,205	\$ 47,205	\$ 47,205
Interest Income	-	-	-	-	-
Other Income	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Deferred Revenue Earned	-	-	-	-	-
Deferred grant Revenue	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Total revenue	\$ 29,241	\$ 17,964	\$ 47,205	\$ 47,205	\$ 47,205

**Expenditures**

**Administration**

Salaries & Benefits	\$ 2,600	\$ 2,200	\$ 4,800	\$ 4,800	\$ 4,800
Facilities	1,024	1,236	2,260	2,260	2,260
Travel	162	48	210	210	210
Operating Expenses	1,348	1,301	2,649	2,649	2,649
Cost Plan	863	595	1,458	1,458	1,458
Total Administration Cost	5,997	5,380	11,377	11,377	11,377

**Program Expenditures**

Outreach	-	-	-	12,705	12,705
Intake	-	-	-	5,081	5,081
Assurance	-	-	-	15,793	15,793
WPO	-	-	-	2,249	2,249
Client education & Counseling	-	-	-	-	-
Client Assistance	2,212	346	2,558	-	-
Salaries & Benefits	19,328	10,680	30,008	-	-
Space	891	1,074	1,965	-	-
Insurance - Vehicular	-	-	-	-	-
Supplies	954	343	1,297	-	-
Total Program Expenditures	23,385	12,443	35,828	35,828	35,828
Total Expenses	\$ 29,382	\$ 17,823	\$ 47,205	\$ 47,205	\$ 47,205

County of San Benito  
Supplemental Statement of Revenues & Expenditures  
**LIHEAP**  
**09B-5533**  
For the Period January 1, 2009 - December 31, 2009

**LIHEAP**

	Jan 1 2009 through June 30, 2009	Jul 1 2009 through Dec. 31 2009	Total Audited Costs	Total Reported Expenses Contract 09B-5533	Total Program Budget
Grant Revenue	\$ 48,432		\$ 48,432	\$ 48,462	\$ 80,819
Interest Income	-	-	-	-	-
Other Income	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Deferred Revenue Earned	-	-	-	-	-
Deferred grant Revenue	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Total revenue	\$ 48,432	\$ -	\$ 48,432	\$ 48,462	\$ 80,819
<b>Expenditures</b>					
<b>Administration</b>					
Salaries & Benefits	\$ 7,025		\$ 7,025	\$ 7,616	\$ 11,907
Facilities	1,504		1,504	-	2,549
Operating Expenses	1,207		1,207	-	2,046
Cost Plan	1,861		1,861	-	3,154
Total Administration Cost	11,596	-	11,596	7,616	19,657
<b>Program Expenditures</b>					
Outreach	-		-	10,677	20,272
Intake	-		-	8,026	8,109
Assurance	-		-	20,142	29,206
WPO	-		-	1,971	3,575
Client education & Counseling	-		-	-	-
Client Assistance	1,459		1,459	-	-
Assessment	-		-	-	-
Salaries & Benefits	34,297		34,297	-	-
Supplies	1,080		1,080	-	-
Utilities	-		-	-	-
Other	-		-	-	-
Total Program Expenditures	36,836	-	36,836	40,816	61,162
Total Expenses	\$ 48,432	\$ -	\$ 48,432	\$ 48,432	\$ 80,819

County of San Benito  
Supplemental Statement of Revenues & Expenditures  
CSBG  
08F-4935 - 2008  
For the Period January 1, 2008 - December 31, 2008

CSBG	Jan 1 2008 through June 30 2008	July 1 2008 through Dec 31 2008	Total Audited Costs	Total Reported Expenses Contract 08F-4935	Total Program Budget
Grant Revenue	\$ 133,886	\$ 109,168	\$ 243,054	\$ 109,169	\$ 243,054
Interest Income	-	-	-	-	0
Other Income	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Deferred Revenue Earned	-	-	-	-	-
Deferred grant Revenue	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Total revenue	\$ 133,886	\$ 109,168	\$ 243,054	\$ 109,169	\$ 243,054
<b>Expenditures</b>					
<b>Administration</b>					
Salaries & Benefits	\$ 40,196	\$ 13,583	\$ 53,779	\$ 13,584	\$ 48,892
Facilities	5,999	5,982	11,981	-	-
Travel	206	-	206	-	-
Other	-	-	-	-	407
Operating Expenses	13,785	1,653	15,438	6,782	15,374
Cost Plan	3,579	2,615	6,194	-	-
Total Administration Cost	63,765	23,833	87,598	20,366	64,673
<b>Program Expenditures</b>					
Rental Assistance	6,903	22,876	29,779	-	39,898
Youth Payroll	-	35,667	35,667	-	36,367
Shelter	-	-	-	-	400
Other Costs	3,540	(6,333)	(2,793)	51,900	-
Salaries & Benefits	57,831	33,125	90,956	33,125	98,761
Operating Expense	-	-	-	3,777	2,955
Supplies	1,847	-	1,847	-	-
Total Program Expenditures	70,121	85,335	155,456	88,802	178,381
Total Expenses	\$ 133,886	\$ 109,168	\$ 243,054	\$ 109,168	\$ 243,054

County of San Benito  
Supplemental Statement of Revenues & Expenditures  
CSBG  
08F-4935 - 2009  
For the Period January 1, 2009 - December 31, 2009

CSBG	Jan 1 2009 through June 30, 2009	July 1 2009 through Dec. 31, 2009	Total Audited Costs	Total Reported Expenses Contract 08F-4935	Total Program Budget
Grant Revenue	\$ 60,469	\$ -	\$ 60,469	\$ 60,469	\$ 252,585
Interest Income	-	-	-	-	-
Other Income	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Deferred Revenue Earned	-	-	-	-	-
Deferred grant Revenue	-	-	-	-	-
Deferred Interest Earned	-	-	-	-	-
Total revenue	\$ 60,469	\$ -	\$ 60,469	\$ 60,469	\$ 252,585
<b>Expenditures</b>					
<b>Administration</b>					
Salaries & Benefits	\$ 17,812	\$ -	\$ 17,812	\$ 14,809	\$ 83,885
Facilities	5,660	-	5,660	-	-
Travel	1,199	-	1,199	-	-
Operating Expenses	-	-	-	8,066	15,204
Cost Plan	(1,156)	-	(1,156)	-	-
Total Administration Cost	23,515	-	23,515	22,875	99,089
<b>Program Expenditures</b>					
Rental Assistance	1,625	-	1,625	-	36,000
Youth Payroll	-	-	-	-	8,250
Salaries & Benefits	34,109	-	34,109	34,196	81,010
Operating Expense	-	-	-	3,398	28,236
Supplies	1,220	-	1,220	-	-
Total Program Expenditures	36,954	-	36,954	37,594	153,496
Total Expenses	\$ 60,469	\$ -	\$ 60,469	\$ 60,469	\$ 252,585